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## PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see [www.labor.ca.gov/panel/](http://www.labor.ca.gov/panel/)). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Central Coast Region from 2001 to 2006, with snapshots of employment changes in 2007 and early 2008; however, this report does not cover the most recent, dynamic changes taking place in the economy, due to lag time in data availability at the detailed level used in our analyses. The most current monthly trends for California are available from the Labor Market Information Division of the Employment Development Department, at [www.labormarketinfo.edd.ca.gov/?pageid=1003](http://www.labormarketinfo.edd.ca.gov/?pageid=1003).

This profile provides updates to the Profile released in 2007, highlighting significant changes and key industry sectors and clusters in each region. This is briefer than past profiles and uses a different format, in an effort to make the information easier to read and faster to digest. The 2008 Profile also adds a new cluster, Housing, as we track activity in residential construction and related industries.

The statewide and eight other regional economic base reports are also available at [www.labor.ca.gov/panel/](http://www.labor.ca.gov/panel/). Previous economic base reports examined the 1990-2002, 2001-2004 and 2001-2005 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions were significantly redefined by 1998 into nine regions, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide*, is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings.

With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic profiles, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at [www.labor.ca.gov/panel/espcrep.htm](http://www.labor.ca.gov/panel/espcrep.htm).

The *California Regional Economies Employment Series* is available online at [www.labormarketinfo.edd.ca.gov/?pageid=173](http://www.labormarketinfo.edd.ca.gov/?pageid=173).

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.



# CENTRAL COAST REGION

## ECONOMIC PROFILE

October 2008

California



**THE CENTRAL COAST REGION** includes three counties, as defined by the California Economic Strategy Panel (Panel): Monterey, San Luis Obispo and Santa Barbara.

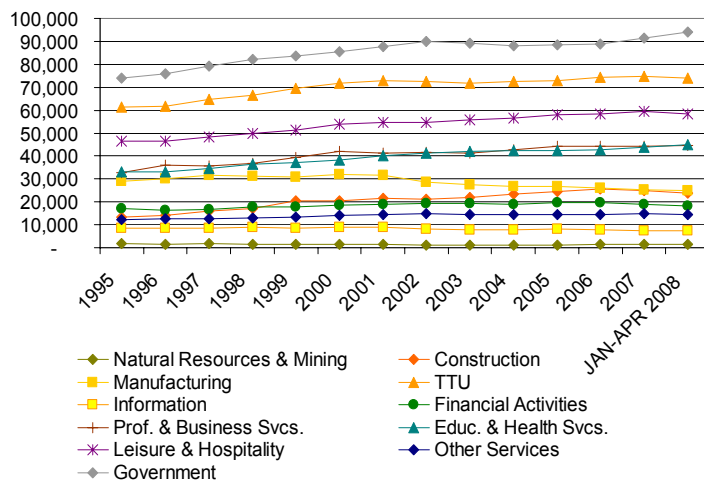
The Central Coast Region is the state's sixth largest region, with 2.9% of its population and 3.0% of its jobs (2006). Within the region's counties, the preliminary unemployment rate for August 2008 ranged from 5.5% in Santa Barbara County to 6.8% in Monterey County. All counties were below the statewide unemployment rate of 7.6%. The region experienced job growth of 3.6% from 2001 to 2006, and its Gross Domestic Product (GDP) increased by 64.8% and Per Capita Personal Income grew by 28.2%.

Job growth from 2001 to 2006 was led by Agriculture, Forestry, Fishing & Hunting, adding 6,600 jobs during that period, followed by Construction, up 4,300 jobs. Next, Accommodation & Food Services added almost 3,600 jobs; Professional, Scientific & Technical Services added 3,300 jobs; and, Health Care & Social Assistance added 3,000 jobs. The growth in Construction was the fastest growth reported, at 20.3%. At the same time, Manufacturing reported the greatest losses, down 6,000 jobs.

The Current Employment Statistics (CES) program data, which excludes Farm and Private Households employment data, showed growth in Nonfarm employment in 2007, and positive year-over change from April 2007 to April 2008, although Construction and Financial Activities experienced job losses, likely reflecting the impact of the housing downturn.

Using the CES data, the following graph shows Nonfarm employment since 1995:

**NONFARM EMPLOYMENT 1995-2008<sup>1</sup>**



## A SNAPSHOT OF 2007 & 2008

*This snapshot uses employment estimates from the Current Employment Statistics (CES) program, which is the most current data available. The CES program is a different data source than that used for the rest of the report, and is available only at the super-sector level. We recognize that this does not capture the current capital and credit crisis that we are experiencing.*

For the Central Coast Region, a look at 2007 Nonfarm employment data shows that the region continued to experience job growth. Overall, Nonfarm employment grew by 1.4% from 2006 to 2007, and the year-over change was positive from April 2007 to April 2008.

Several sectors were reporting strong growth in 2007, led by Other Services, Natural Resources & Mining, and Education & Health Services. At the same time, five of the eleven super sectors reported losses; Construction, Manufacturing, Information, Financial Activities and Professional & Business Services.

Only four super-sectors reported positive change in year-over comparisons from April 2007 to April 2008; the greatest increase was reported by Education & Health Services, followed by Information.

The following table summarizes private sector Nonfarm employment change from 2001 to 2007, and into early 2008. The employment shown here does not include employment for Agriculture or Private Households, as the CES data does not capture these industries.

CENTRAL COAST	2001-2006*	2006-2007	Apr07-Apr08
<b>Total Nonfarm</b>	1.3%	1.4%	0.4%
Natural Resources & Mining	0.4%	6.3%	0.0%
Construction	20.3%	-3.1%	-4.4%
Manufacturing	-18.8%	-3.1%	-0.8%
Trade, Transportation, & Utilities	2.3%	1.2%	0.4%
Information	-15.3%	-3.4%	1.4%
Financial Activities	1.5%	-1.9%	-5.2%
Professional & Business Svcs	3.8%	-1.3%	-0.7%
Educational & Health Services	6.6%	5.1%	3.4%
Leisure & Hospitality	7.8%	1.6%	-0.2%
Other Services	-20.9%	15.4%	-2.0%
Government	1.3%	2.9%	0.03%

*\* The 2001 through 2006 data uses the California Regional Economies Employment Series (CREE) data source; this is generally the source of data for all employment analyses in this report, unless otherwise indicated.*

<sup>1</sup> The January to April 2008 data represents a four-month average.



# CENTRAL COAST REGION

## IN RECENT YEARS 2001-2006

The rest of this report covers the period from 2001 through 2006, providing a picture of what was happening prior to, and at the start of the recent housing downturn. The data source is the Quarterly Census of Employment and Wages (QCEW) program, which releases the final annualized data about ten months after the end of each calendar year. The 2006 data was the most current available at the time of this report.

The QCEW data is available at the most detailed industry level<sup>2</sup>, allowing an in-depth look at the industries and industry clusters during this time period. The CES data used for 2007 and 2008 was available at the super-sector level and excluded employment for the Farm and Private Households industries.

The following statistics are reported for the period of 2001 to 2006 in order to provide comparable facts for a more complete picture of the region during this period.

### BUSINESS

Job Growth (2001-2006)	3.6%
Establishment Growth (2001-2006)	11.9%
GDP Growth <sup>3</sup> (2001-2006)	64.8%
Average Wage (2006, Private Industry)	\$ 36,120
Wage Growth (2001-2006)	20.6%
Firms with < 100 employees (2006)	98.4%
Firms with < 50 employees (2006)	95.9%
Self-employed, not incorporated (2006)	9.0%

### WORKFORCE

Unemployment Rate (2006)	5.1%
Population Growth (2001-2006)	0.7%
Per Capita Income (2006)	\$ 39,697
Bachelor's Degree or higher (2006)	
-Of population age 25 and older	23.6% to 31.1%
Families Living in Poverty (2006)	7.9%

### QUALITY OF PLACE

Air Quality Index (2006 Median AQI <sup>4</sup> )	34 to 44
Average Commute Time (2006)	19.4 to 21.9 min.
Housing Opportunity Index <sup>5</sup> (2007)	5.6% to 13.0%

NOTE: Ranges provided where data are only available by county or Metropolitan Statistical Area and a regional value cannot be calculated.

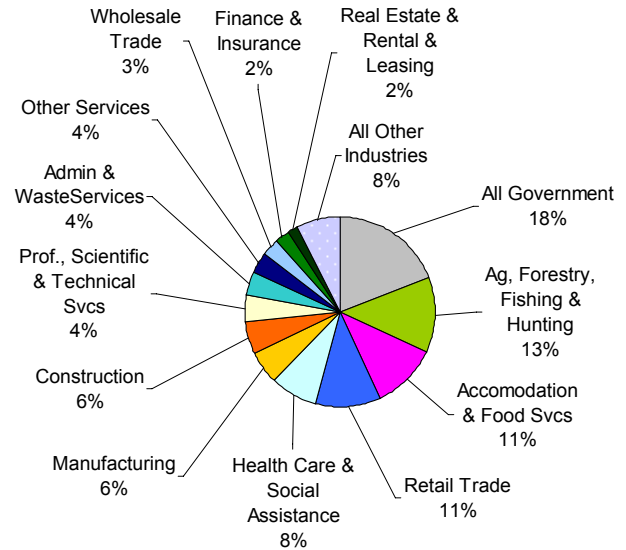
<sup>2</sup> The North American Industry Classification System (NAICS), 6-digit level.

<sup>3</sup> GDP = Gross Domestic Product; the data is available by MSA, which is used to approximate the regional GDP, where available.

<sup>4</sup> An AQI value of 50 or lower is Good; 51-100 is Moderate; 101-150 is Unhealthy for Sensitive Groups; and 151 or higher is Unhealthy (includes *unhealthy*, *very unhealthy*, and *hazardous*).

<sup>5</sup> 4<sup>th</sup> Quarter 2007, percentage of homes in the area that would be affordable to a family making the median income.

## INDUSTRY COMPOSITION 2006



## REGIONAL JOB GROWTH RANKING (2001-2006)

1.	San Joaquin Valley Region	9.9%
2.	Greater Sacramento Region	9.4%
3.	Southern Border Region	7.7%
4.	Southern California Region	6.5%
5.	No. Sacramento Valley Region	6.4%
	<i>California as-a-whole</i>	<i>6.1%</i>
6.	Central Sierra Region	5.9%
7.	<b>Central Coast Region</b>	<b>3.6%</b>
8.	Northern California Region	1.3%
9.	Bay Area Region	-5.8%

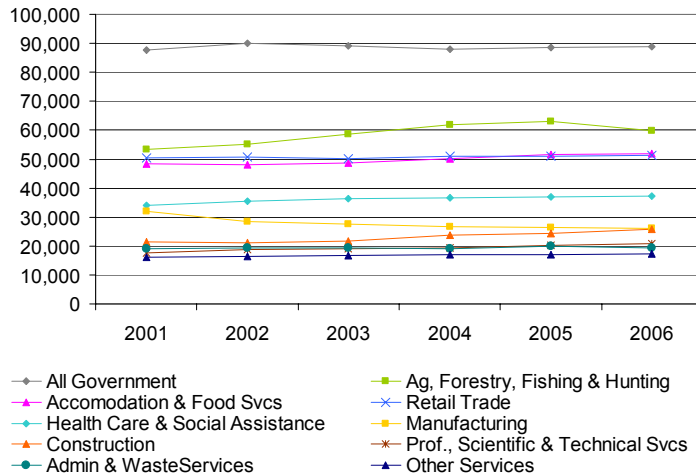
## JOB GROWTH IN THE MAJOR INDUSTRY SECTORS 2001-2006 (NAICS 2-DIGIT) (TEN LARGEST IN BOLD)

<b>Agriculture, Forestry, Fishing &amp; Hunting (NAICS 11)</b>	<b>12.4%</b>
Mining (NAICS 21)	0.4%
Utilities (NAICS 22)	8.9%
<b>Construction (NAICS 23)</b>	<b>20.3%</b>
<b>Manufacturing (NAICS 31-33)</b>	<b>-18.8%</b>
Wholesale Trade (NAICS 42)	0.9%
<b>Retail Trade (NAICS 44-45)</b>	<b>1.8%</b>
Transportation & Warehousing (NAICS 48-49)	6.5%
Information (NAICS 51)	-15.3%
Finance & Insurance (NAICS 52)	-0.3%
Real Estate & Rental & Leasing	4.4%
<b>Prof., Scientific &amp; Technical Services (NAICS 54)</b>	<b>18.7%</b>
Mngmt of Companies & Enterprises (NAICS 55)	-27.7%
<b>Administrative &amp; Waste Services (NAICS 56)</b>	<b>0.6%</b>
Educational Services (NAICS 61)	-8.4%
<b>Health Care &amp; Social Assistance (NAICS 62)</b>	<b>8.9%</b>
Arts, Entertainment & Recreation (NAICS 71)	10.9%
<b>Accommodation &amp; Food Services (NAICS 72)</b>	<b>7.4%</b>
<b>Other Services (except Public Admin) (NAICS 81)</b>	<b>6.9%</b>
<b>All Government<sup>6</sup></b>	<b>1.3%</b>

<sup>6</sup> All Government represents Federal, State and Local Government, and includes a wide range of jobs, from firefighting, police, education and defense, to public services and elected officials.

# CENTRAL COAST REGION

## JOB GROWTH FOR THE TEN LARGEST SECTORS 2001-2006



## "TOP FIVE" SUB-SECTORS

### TOP FIVE LARGEST SUB-SECTORS (2006)

Food Services & Drinking Places (NAICS 722)  
 Support Activities for Agriculture & Forestry (NAICS 115)  
 Crop Production (NAICS 111)  
 Professional, Scientific & Technical Services (NAICS 541)  
 Administrative & Support Services (NAICS 561)

### TOP FIVE FASTEST GROWING SUB-SECTORS ('01-'06)

Textile Product Mills (NAICS 314)  
 Wholesale Electronic Markets, Agents, Brokers (NAICS 425)  
 Funds, Trusts & Other Financial Vehicles (NAICS 525)  
 Transit & Ground Passenger Transportation (NAICS 485)  
 Air Transportation (NAICS 481)

### TOP FIVE COMPETITIVE ADVANTAGE (LQ\*) SUB-SECTORS (2006)

Support Activities for Ag & Forestry (NAICS 115), 6.0 LQ  
 Crop Production (NAICS 111), 5.5 LQ  
 Fishing, Hunting & Trapping (NAICS 114), 4.7 LQ  
 Mining (except Oil & Gas) (NAICS 212), 3.2 LQ  
 Accommodation (NAICS 721), 2.5 LQ

\* Location Quotient (LQ) greater than 1.0 means a higher concentration of these jobs in the region than found statewide.

### TOP FIVE SUB-SECTORS WITH HIGHEST AVERAGE WAGE (2006)

Securities & Other Investments & Services (NAICS 523)  
 Funds, Trusts & Other Financial Vehicles (NAICS 525)  
 Internet Providers & Data Processing Services (NAICS 518)  
 Utilities (NAICS 221)  
 Oil & Gas Extraction (NAICS 211)

The average annual wages range from \$82.6K to \$118.7K.

## AT THE MOST DETAILED INDUSTRY LEVEL (NAICS 6-DIGIT)

The following observations reflect what took place from 2001 to 2006 at the most detailed industry level, and may provide some insight into the economy during that period.

Change can take place quickly at this most detailed level; therefore, it is important not to base policy or program administration decisions solely on such information.

### The ten largest industries based on employment size:

Farm Labor Contractors & Crew Leaders (NAICS 115115)  
 Full-Service Restaurants (NAICS 722110)  
 Hotels & Motels (except Casino Hotels) (NAICS 721110)  
 Other Veg. & Melon Farming (except Potato) (NAICS 111219)  
 Limited-Service Restaurants (NAICS 722211)  
 Supermarkets & Other Grocery Stores (NAICS 445110)  
 General Medical & Surgical Hospitals (NAICS 622110)  
 Offices of Physicians (except Mental Health) (NAICS 621111)  
 Strawberry Farming (NAICS 111333)  
 Postharvest Crop Activities (except Cotton) (NAICS 115114)

### The ten fastest growing (with at least 0.005% of total employment):

Synthetic Rubber Mfg (NAICS 325212)  
 Offices of Bank Holding Companies (NAICS 551111)  
 Other Electric Power Generation (NAICS 221119)  
 Title Abstract & Settlement Offices (NAICS 541191)  
 Asphalt Paving Mixture & Block Mfg (NAICS 324121)  
 Support Activities for Forestry (NAICS 115310)  
 Plastics Bag Mfg (NAICS 326111)  
 All Other Rubber Product Mfg (NAICS 326299)  
 All Other Basic Inorganic Chemical Mfg (NAICS 325188)  
 Other Support Activities for Road Transportation (NAICS 488490)

### The ten with the strongest competitive advantage:

Dry Pea & Bean Farming (NAICS 111130)  
 Offices of Bank Holding Companies (NAICS 551111)  
 Other Veg. & Melon Farming (except Potato) (NAICS 111219)  
 Other Food Crops Grown Under Cover (NAICS 111419)  
 Steam & Air-Conditioning Supply (NAICS 221330)  
 Berry (except Strawberry) Farming (NAICS 111334)  
 Shellfish Farming (NAICS 112512)  
 Mushroom Production (NAICS 111411)  
 Oilseed (except Soybean) Farming (NAICS 111120)  
 Strawberry Farming (NAICS 111333)

# CENTRAL COAST REGION

## AT THE MOST DETAILED INDUSTRY LEVEL

(Continued)

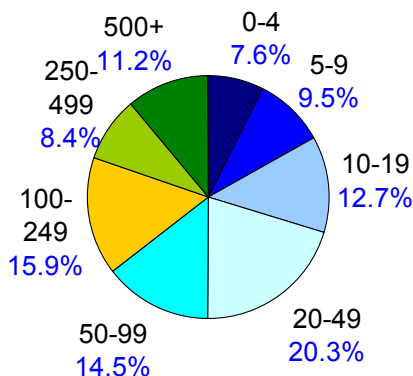
### The ten highest paying industries:

Commodity Contracts Dealing (NAICS 523130), \$274.7K  
Office Machinery Rental & Leasing (NAICS 532420), \$228.2K  
Surgical Appliance & Supplies Mfg (NAICS 339113), \$196.2K  
Direct Title Insurance Carriers (NAICS 524127), \$148.8K  
Miscellaneous Intermediation (NAICS 523910), \$143.3K  
Investment Banking & Securities (NAICS 523110), \$123.9K  
Credit Bureaus (NAICS 561450), \$120.1K  
Portfolio Management (NAICS 523920), \$117.3K  
Securities Brokerage (NAICS 523120), \$116.8K  
Medical, Dental & Hospital Equipment & Supplies Wholesaler (NAICS 423450), \$116.5K

## EMPLOYMENT & BUSINESS GROWTH BY SIZE OF FIRM (Private Industry)

In 2006, firms with fewer than 100 employees made up 98.4% of all businesses in the region and provided 64.5% of all jobs in the region. Firms with 500 or more employees made up 0.1% of all businesses, and provided 11.2% of all jobs.

### DISTRIBUTION OF JOBS BY SIZE OF FIRM (2006)



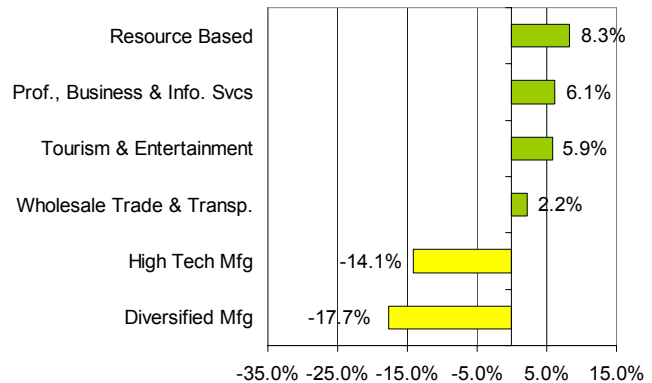
### BUSINESS GROWTH BY SIZE OF FIRM (2001-2006)

Number of Employees	Growth of Jobs	Growth of Firms
0-4	10.1%	16.2%
5-9	7.4%	7.0%
10-19	2.2%	2.2%
20-49	5.9%	6.7%
50-99	2.0%	1.7%
100-249	3.2%	1.5%
250-499	-1.3%	1.0%
500-999	-25.6%	-29.4%
1,000+	50.6%	54.5%

## THE TRADITIONAL ECONOMIC BASE

The economic base is traditionally considered to be export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. The Panel's expanded definition of the economic base includes other industries that are also important to the region. Information follows on those industries and industry clusters.

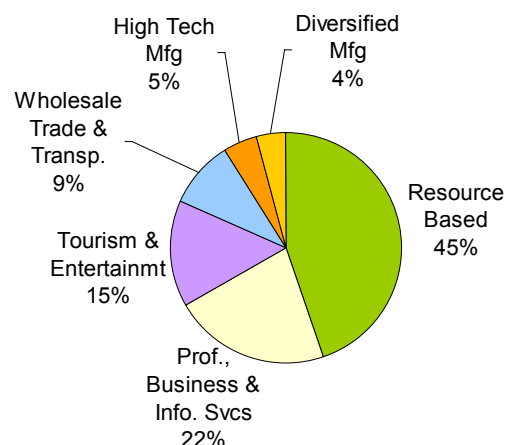
### EMPLOYMENT GROWTH 2001-2006



In 2006, the region's traditional economic base provided 29.7% of all jobs in the region. Four of the six economic base sectors reported growth from 2001 to 2006. The greatest number of jobs was added by Resource Based industries, led by growth in Farm jobs, up 4,700 jobs or 8.3%. This sector also reported the fastest growth. Across the four growing sectors, Farm added the most jobs, followed by Computer Systems Design & Related Services, up 1,400 jobs, and Management, Scientific, & Technical Consulting Services, up almost 1,200 jobs.

During this time, both the Diversified and High Tech Manufacturing industries reported losses, down 17.7% and 14.1%, respectively. Still, a few industries within these two sectors reported job growth during this period, led by Navigational, Measuring, Electromedical & Control Instruments Mfg, up over 500 jobs; and, Plastics & Rubber Products Mfg, up over 100 jobs.

### DISTRIBUTION OF TRADITIONAL BASE JOBS (2006)



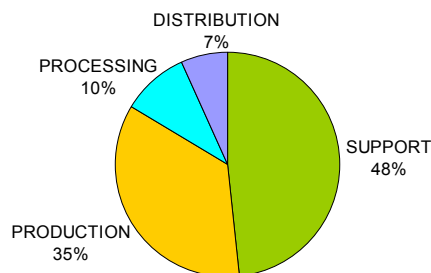


# CENTRAL COAST REGION

## KEY INDUSTRY SECTORS AND CLUSTERS IN THE EXPANDED ECONOMIC BASE

### THE FOOD CHAIN

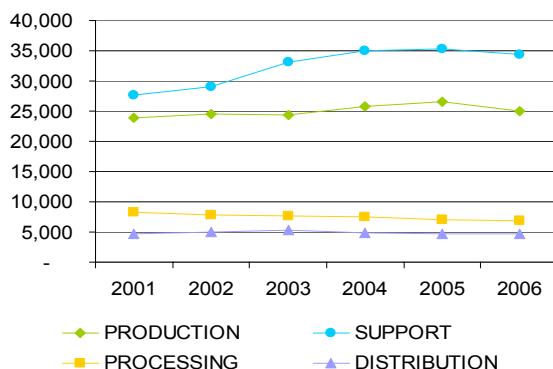
The Food Chain cluster includes industries involved in the production and delivery of agricultural products & services. These industries are grouped into four components; Production, Support, Processing and Distribution. The Food Chain cluster provided 15.2% of the region's jobs in 2006, or over 70,800 jobs. Most of the jobs within the Food Chain cluster were in Support and Production, providing 48% and 35% of the cluster's jobs, respectively.



From 2001 to 2006, the Food Chain cluster experienced job growth of 8.9%, up 5,800 jobs. Two of the four components reported growth; Support reported the greatest percentage and number of jobs added, up almost 6,700 jobs or 21.4%, most of which were added in Support Activities for Crop Production. Production reported growth of 1,100 jobs, up 4.68%.

At the same time, Processing reported the loss of 1,900 jobs (21.7%), led by losses in Fruit & Vegetable Preserving & Specialty Food Manufacturing. Distribution also reported losses, down about 50 jobs (1.1%); the greatest losses were reported by Specialty Food Stores, although these losses were greatly offset by growth in Grocery & Related Product Wholesalers and Farm Supplies Merchant Wholesalers.

Employment growth by cluster component:



The Central Coast Region had a much higher concentration of Food Chain jobs (3.1 LQ) than found at the statewide level, led by Production (5.0 LQ) and Support (4.7 LQ).

### MANUFACTURING

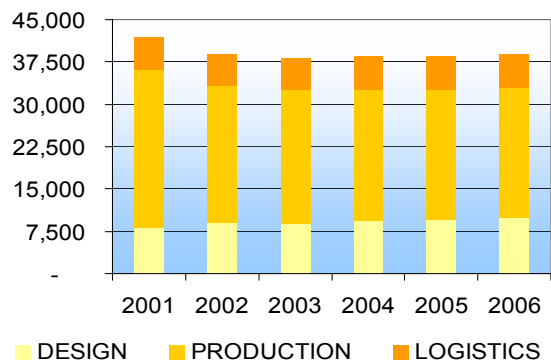
The Manufacturing sector provided 5.6% of the region's jobs in 2006. The sector reported overall job losses of 17.9% from 2001 to 2006, down over 6,000 jobs; however, about this same time, the region's manufacturing GDP grew by 27.0%. Preliminary data for 2007 suggests continued job losses from 2006 to 2007 (3.1%), and the year-over change for April (2007 to 2008) also shows a slight loss.

At the most detailed industry classification level (the 6-digit NAICS level), the ten fastest growing manufacturing industries included Curtain & Drapery Mills; Residential Electric Lighting Fixture Manufacturing (Mfg); Analytical Laboratory Instrument Mfg; Other Guided Missile & Space Vehicle Parts & Auxiliary Equipment Mfg; Wood Container & Pallet Mfg; Ice Cream & Frozen Dessert Mfg; Sawmills; Nonchocolate Confectionery Mfg; Other Animal Food Mfg; and, Boat Building.

The largest industries (at the 6-digit NAICS level) included Wineries; Search, Detection, Navigation, Guidance, Aeronautical & Nautical System Mfg; Machine Shops; Surgical Appliance & Supplies Mfg; Semiconductor & Related Device Mfg; Other Aircraft Parts & Auxiliary Equipment Mfg; Retail Bakeries; Wood Kitchen Cabinet & Countertop Mfg; Instruments & Related Products Mfg for Measuring, Displaying; and, Analytical Laboratory Instrument Mfg.

Looking at the Manufacturing Value Chain industry cluster, both the Design and Logistics components reported job growth from 2001 to 2006, up 21.3% and 3.4% respectively. Design added 1,700 jobs, led by growth in Management, Scientific & Technical Consulting Services; and, Logistics added 200 jobs, led by growth in Support Activities for Road Transportation. Production reported job losses of 16.9% or 4,700 jobs, with the greatest number of jobs lost in Fruit & Vegetable Preserving & Specialty Food Mfg.

Manufacturing Value Chain employment 2001-2006:

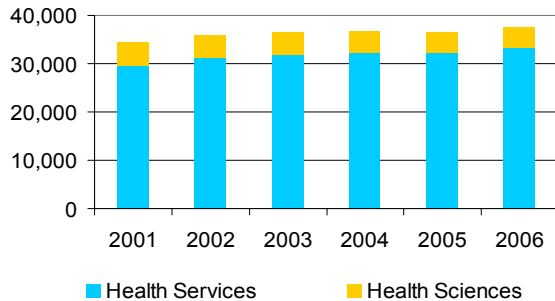


*Some manufacturing jobs will not be reflected in this data, as manufacturing firms are using Employment Services, including temporary employment services, for hiring some of their workers. Those workers would be reported as part of the Employment Services industries' employment. This practice is also used by other industries.*

# CENTRAL COAST REGION

## HEALTH SCIENCES & SERVICES

The Health Sciences & Services industry cluster provided 8.1% of all jobs in the region in 2006, or 37,500 jobs; 88.8% of these jobs were in Health Services. From 2001 to 2006, the cluster grew by 8.8% (3,000 jobs). The region had a slightly lower concentration of Health Sciences & Services jobs (0.9 LQ) than found statewide.



### Health Sciences

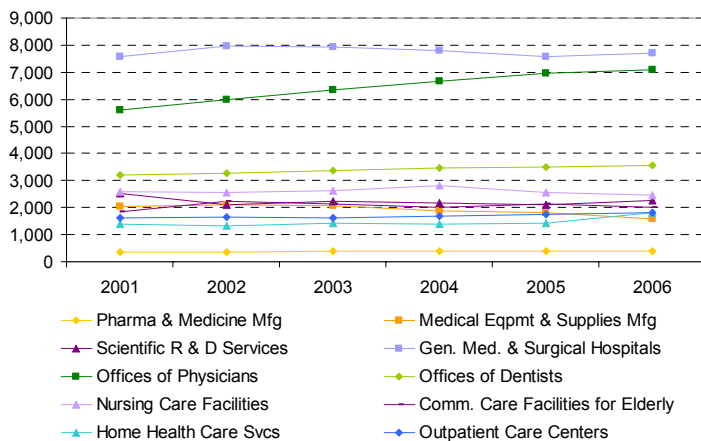
Health Sciences experienced job losses of 14.2% from 2001 to 2006, losing about 700 jobs. Within Health Sciences, only Pharmaceutical & Medicine Manufacturing reported growth during this period, up 11.7%, while Medical Equipment & Supplies Manufacturing and Scientific Research & Development experienced losses, down 23.2% and 10.4%, respectively.

### Health Services

Health Services, which includes the health care industries, experienced job growth of 12.6%, up 3,700 jobs from 2001 to 2006. Within Health Services, Community Food & Housing & Emergency & Other Relief Services reported the fastest growth, up 71.8%, and Offices of Physicians added the most jobs, up 1,500 jobs.

Only a few industries reported losses, led by losses in Residential Mental Health & Substance Abuse Facilities, down 200 jobs or 20.2%.

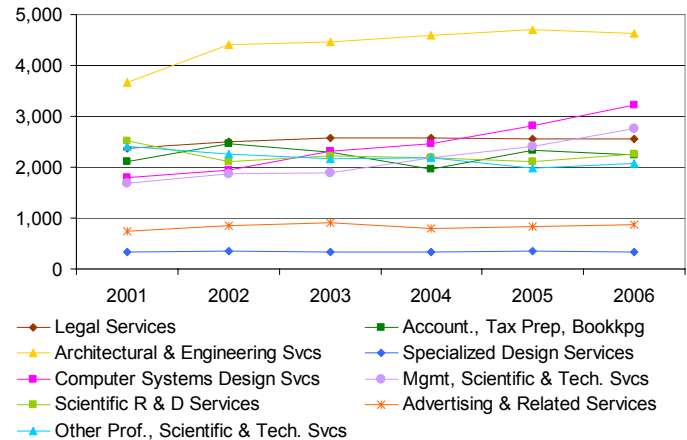
The following graph shows employment change for the three Health Sciences industries and the top seven Health Services industries (based on 2006 employment size).



## PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

The Professional, Scientific & Technical Services sector is important for supporting entrepreneurship and innovation. This sector provided 4.5% of the region's jobs in 2006 and experienced job growth of 14.1% from 2001 to 2006, up 1,400 jobs. The largest industry groups were Architectural & Engineering Services and Computer System Design & Related Services.

The following graph shows employment change from 2001 to 2006 for all industry groups in the sector.



At the most detailed industry level (6-digit NAICS), the largest industries were Engineering Services (2,800 jobs), Offices of Lawyers (2,300 jobs) and Research & Development in Physical, Engineering & Life Sciences (2,100 jobs). At this industry level, Computer Systems Design Services added the most jobs, up almost 1,000 jobs, while Title Abstract & Settlement Offices, a small industry, reported the fastest growth.

## TOURISM & ENTERTAINMENT

The Tourism & Entertainment sector includes Motion Picture & Video Industries; Sound Recording Industries; Amusement, Gambling & Recreation Industries; and, Accommodation. This sector provided 4.5% of the region's jobs in 2006 (20,800 jobs), and grew by 5.9%, or almost 1,200 jobs, from 2001 to 2006.

At the most detailed industry level (6-digit NAICS), the largest industries were Hotels (except Casino Hotels) & Motels (14,300 jobs); Fitness & Recreational Sports Centers (2,300 jobs); Golf Courses & Country Clubs (1,600 jobs); Zoos & Botanical Gardens (640 jobs); and, Motion Picture Theaters (except Drive-Ins) (600 jobs).

The fastest growing industries included Teleproduction & Other Postproduction Services; Recreational & Vacation Camps (except Campgrounds); Other Spectator Sports; Promoters of Performing Arts, Sports & Similar Events with Facilities; and, Casinos (except Casino Hotels).

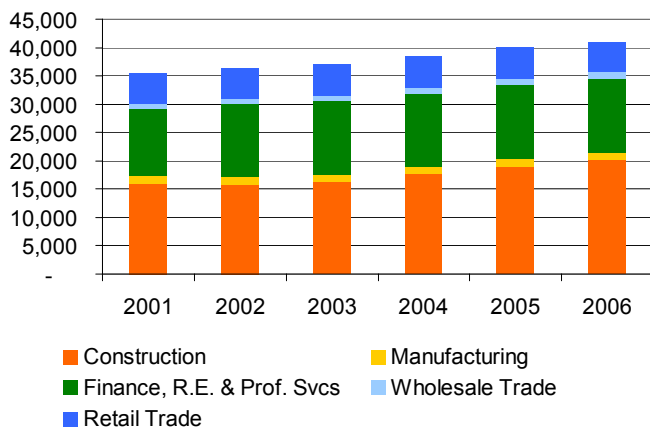
## HOUSING

For the purpose of this analysis, the Housing cluster (Housing) includes industries involved in residential construction; manufacturing of construction materials; real estate financing, sales, leasing and management<sup>7</sup>; and, related wholesale and retail trade. As defined, this cluster provided 8.8% of the region's jobs in 2006, with 41,000 jobs.

Overall, Housing experienced job growth of 15.6% from 2001 to 2006. Within the cluster, Construction grew by 26.8%, or almost 4,300 jobs; Manufacturing reported losses of 13.8% (down 200 jobs); Finance, Real Estate & Professional Services reported 10.4% growth (up 1,200 jobs); Wholesale Trade grew by 19.2% (up 200 jobs); and, Retail Trade grew by 1.2% (up less than 100 jobs). The year-to-year change fluctuated by component.

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Housing-related Construction	-1.0%	3.4%	9.2%	6.3%	6.7%
Housing-related Manufacturing	-4.2%	-10.6%	-1.6%	12.7%	-9.3%
Finance, RE & Prof. Svcs	9.3%	1.2%	-2.0%	2.3%	-0.5%
Housing-related Wholesale Trade	-8.2%	-2.4%	14.6%	10.3%	5.2%
Housing-related Retail Trade	2.6%	0.9%	1.7%	1.1%	-4.9%
Housing Cluster	2.6%	1.5%	3.9%	4.6%	2.1%

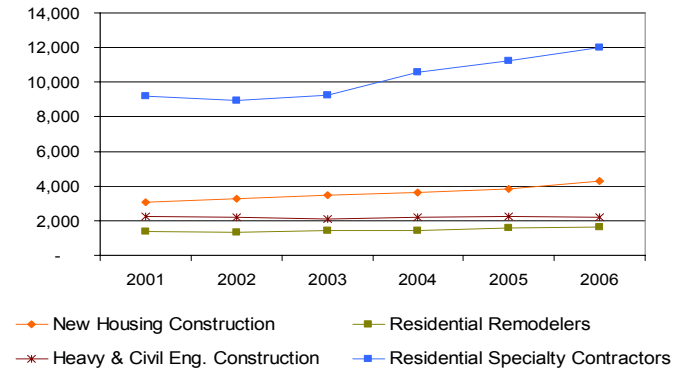
Employment change from 2001 to 2006:



### Construction

Within Construction, New Housing Construction grew by 40.1% from 2001 to 2006; Residential Remodelers grew by 18.5%; Housing-related Heavy & Civil Engineering Construction experienced losses of 3.3%; and, Residential Specialty Trade Contractors reported growth of 30.9%.

Housing Construction employment 2001 to 2006:



### Manufacturing of Construction Materials

Housing-related Manufacturing industries provided almost 1,300 jobs in 2006, and reported overall job losses of 13.8% from 2001 to 2006. This was led by losses in Ornamental & Architectural Metal Work Manufacturing (Mfg), down over 100 jobs. A few very small industries (fewer than 20 jobs in 2001) reported 100.0% losses, including Vitreous China Plumbing Fixture & China & Earthenware Bathroom Accessories Mfg and Paper Mills (except Newsprint).

From 2001 to 2006, five of the ten largest Housing-related Manufacturing industries reported losses and four reported growth. Of these ten industries, Ornamental & Architectural Metal Work Mfg lost the most jobs, down about 120 jobs, and Metal Window & Door Mfg gained the most jobs, up about 20 jobs. The following table shows employment change from 2001 to 2006 for these ten industries:

NAICS	Industry	Change '01-'06
327320	Ready-Mix Concrete Mfg	-5.2%
326199	All Other Plastics Product Mfg	-14.3%
332323	Ornamnt. & Architect.Metal Work Mfg	-50.3%
321918	Other Millwork (including Flooring)	18.3%
327991	Cut Stone & Stone Product Mfg	-1.4%
332321	Metal Window & Door Mfg	36.6%
321911	Wood Window and Door Mfg	38.3%
327390	Other Concrete Product Mfg	17.5%
332311	Prefabricated Metal Building Mfg	0.0%
333415	Air-Cond. & Heating Equipmt Mfg	-74.2%

### Finance & Insurance, Real Estate and Professional Services

Together, the Finance & Insurance, Real Estate and Professional Services industries related to Housing reported job growth of 10.4% from 2001 to 2006, with growth strongest from 2001 to 2002.

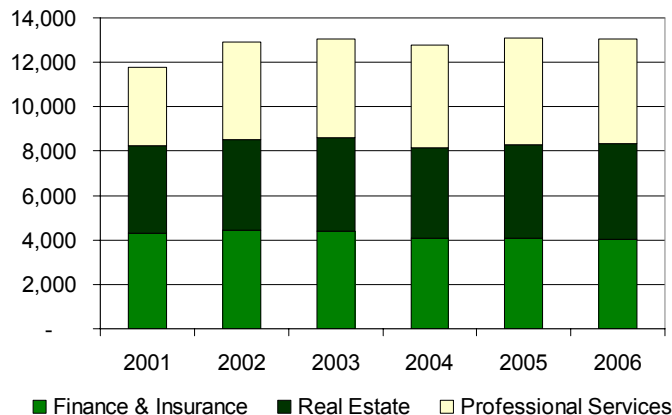
	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Year-over Change	9.3%	1.2%	-2.0%	2.3%	-0.5%

<sup>7</sup>A detailed definition by NAICS code is provided online at [www.labor.ca.gov/panel](http://www.labor.ca.gov/panel) in the document, "About the 2008 Economic Updates."

## HOUSING

(Continued)

Employment growth from 2001 to 2006:



Within these sectors, the largest industry was Engineering Services, with about 2,800 jobs in 2006. From 2001 to 2006, Engineering Services added the most jobs, up 800 jobs, and Title Abstract & Settlement Offices reported the fastest growth, up 7754.2%. At the same time, Credit Card Issuing reported the most jobs lost, down 350 jobs or 100.0%, with no employment reported in 2006.

## Wholesale & Retail Trade

Overall, the Housing-related Wholesale Trade industries experienced job growth of 19.2% from 2001 to 2006, up almost 200 jobs. The largest industry was Plumbing & Heating Equipment & Supplies Wholesalers, with over 350 jobs. This industry added the most jobs from 2001 to 2006, up almost 100 jobs. Other Construction Material Wholesalers reported the fastest growth, up 77.0%.



Overall, the Housing-related Retail Trade industries experienced job growth of 1.2% from 2001 to 2006, up almost 70 jobs. The largest industry was Home Centers, with over 2,100 jobs. This industry added the most jobs from 2001 to 2006, up over 300 jobs, and Paint & Wallpaper Stores reported the fastest growth, up 69.6%. At the same time, Household Appliance Stores reported the greatest losses, down almost 300 jobs or 53.3%.

## ENERGY

Energy production and usage, specifically focusing on environmentally responsible green technologies and processes, are important issues facing policy-makers, energy producers, distributors and consumers. A number of studies and discussions about the green economy were underway at the time of this report, including a study commissioned by the Economic Strategy Panel; therefore, this report does not attempt to define and analyze the green economy. Instead, readers interested in this subject are encouraged to read the study commissioned by the Panel, *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network*, available online at [www.labor.ca.gov/panel/espcrep.htm](http://www.labor.ca.gov/panel/espcrep.htm). The March 2008 draft was available at the time of this report.

*"Nationally and globally, attentions are focusing on rising energy costs, questions of national energy security, worry over environmental and related societal threats as well as fears of economic slow-down. These seemingly countervailing crises might suggest that a choice must be made between doing what is good for the environment OR doing what is good for the economy."*

*California's green economy demonstrates that this is not the case. California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services while also reinvigorating slowing markets through the widening application of new technologies across the entire economy."*

*"As green products and practices permeate the reaches of the economy, the discussion is no longer about the emergence of a new industry; instead it is about the transformation of the entire economy. This transformation is toward an economy that makes more efficient and sustainable use of our limited natural resources."*

*— Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network, March 2008*

Readers may also want to explore the web page, *Understanding the "Green" Economy*, at [www.labormarketinfo.edd.ca.gov/?pageid=1032](http://www.labormarketinfo.edd.ca.gov/?pageid=1032), created by the Labor Market Information Division of the Employment Development Department. This web page provides links to a broad array of studies and activities regarding the green economy, conducted by public and private entities.



## SOURCES

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### BUSINESS

Employment, Firm & Wage Data, Private Sector	California Regional Economies Employment Series (CREE)*
Employment Data, Government Sector	Current Employment Statistics (CES)
2007 & 2008 Employment Data	Current Employment Statistics (CES)
Size of Firm Data	EDD/Labor Market Information Division (LMID), Size of Firm Data
Self-employed (non-incorporated business)	US Census/America's Community Survey (ACS)
Gross Domestic Product (GDP)	US Bureau of Economic Analysis (BEA)

\* The CREE data used for the analyses included confidential data; however, the results presented in the economic profiles do not disclose confidential data.

### WORKFORCE

Unemployment Rate	California Employment Development Department (EDD)
Population Growth	US Bureau of Economic Analysis (BEA)
Educational Attainment	US Census/ACS
Median Household Income	US Census/ACS
Families Living in Poverty	US Census/ACS

### QUALITY OF PLACE

Air Quality Index (AQI)	Environmental Protection Agency, AirData
Average Commute Time	US Census/ACS
Housing Opportunity Index	National Assoc. of Home Builders- Wells Fargo Housing Opportunity Index

## METHODOLOGY

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In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic profiles analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors. The statewide and nine regional economic profiles are available at [www.labor.ca.gov/panel](http://www.labor.ca.gov/panel) in the document. Also online, the document, [The 2008 California Economic Profiles - Introduction & Methodology](#), provides additional information about the methodology and documentation of the NAICS definitions for the industry clusters and traditional economic base industries.

## DEFINITION OF AN INDUSTRY CLUSTER

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An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care. An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Panel adds additional considerations that focus on employment opportunities for regional residents.

## ABOUT THE PANEL

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The California Economic Strategy Panel was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative planning process that examines economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project is currently the lead mechanism for these efforts.

The California Regional Economies Project offers new insight into the dynamics of California's economy. The regional perspective provides a better understand how the economy is changing, where the changes are concentrated, and what catalysts and conditions are causing those changes. It also shows how change in one region affects other regions and the state as a whole.

For more information and publications, go to the Panel's website at [www.labor.ca.gov/panel/](http://www.labor.ca.gov/panel/).

